

**2002 Missouri Medical Malpractice Financial Results, by Line**  
(licensed companies only)

	<b>Premium Written</b>	<b>Premium Earned</b>	<b>Losses Paid</b>	<b>Losses Incurred</b>	<b>Loss Ratio</b>
Physicians & Surgeons	\$114,887,033	\$104,672,745	\$80,156,185	\$123,655,348	118.1%
Dentists	\$4,458,209	\$4,336,659	\$2,443,938	\$3,014,033	69.5%
Nurses	\$520,559	\$644,834	\$1,250	-\$475,689	-73.8%
Hospitals	\$34,124,626	\$29,340,028	\$19,174,786	\$27,119,153	92.4%
Managed Care Org E&O	\$0	\$17,419	\$273,600	\$286,480	1644.6%
Other	\$17,925,911	\$17,094,679	\$7,344,771	\$15,054,044	88.1%
<b>Total</b>	<b>\$171,916,338</b>	<b>\$156,106,364</b>	<b>\$109,394,530</b>	<b>\$168,653,369</b>	<b>108.0%</b>

“Losses incurred” largely are estimates, by insurers, about their likely liability for claims filed during the year. Losses incurred include both 1) payouts on claims filed during the year and 2) projections about future payments on such claims. “Losses paid” are all claims payments made during the year, regardless of when the claim was filed; the payments typically are for claims made more than two years before.

Premium “earned” includes revenues from those *parts* of policies lapsed during the year. Premium “written” includes projected revenues from policies written during the year, although some of the policy period extends in 2003.

Loss ratios are determined through dividing “losses incurred” by “premium earned.”

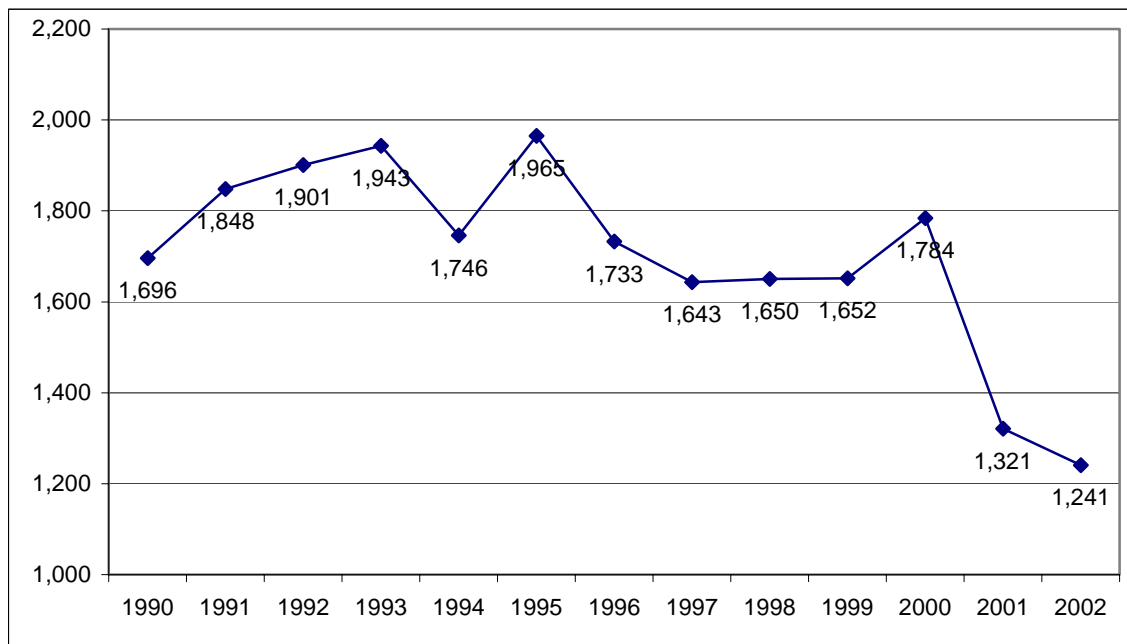
**Overall Medical Malpractice Key Indicators**  
**Change, 2001-2002**  
(Licensed Companies Only)

<b>Year</b>	<b>Premium Written</b>	<b>Premium Earned</b>	<b>Premium Direct Losses Incurred</b>	<b>Direct Losses Paid</b>	<b>Defense Costs Incurred</b>	<b>Commission and Expenses</b>	<b>Taxes and Fees</b>
2001	\$109,081,420	\$97,027,591	\$79,038,068	\$76,730,820	\$25,505,859	\$9,442,445	\$2,583,310
2002	\$171,916,338	\$156,106,363	\$168,653,368	\$109,394,530	\$43,837,813	\$13,265,133	\$4,307,119
% Change	57.6%	60.9%	113.4%	42.6%	71.9%	40.5%	66.7%

**Loss Ratios**  
**National and Missouri Only, by Type of Insurer**

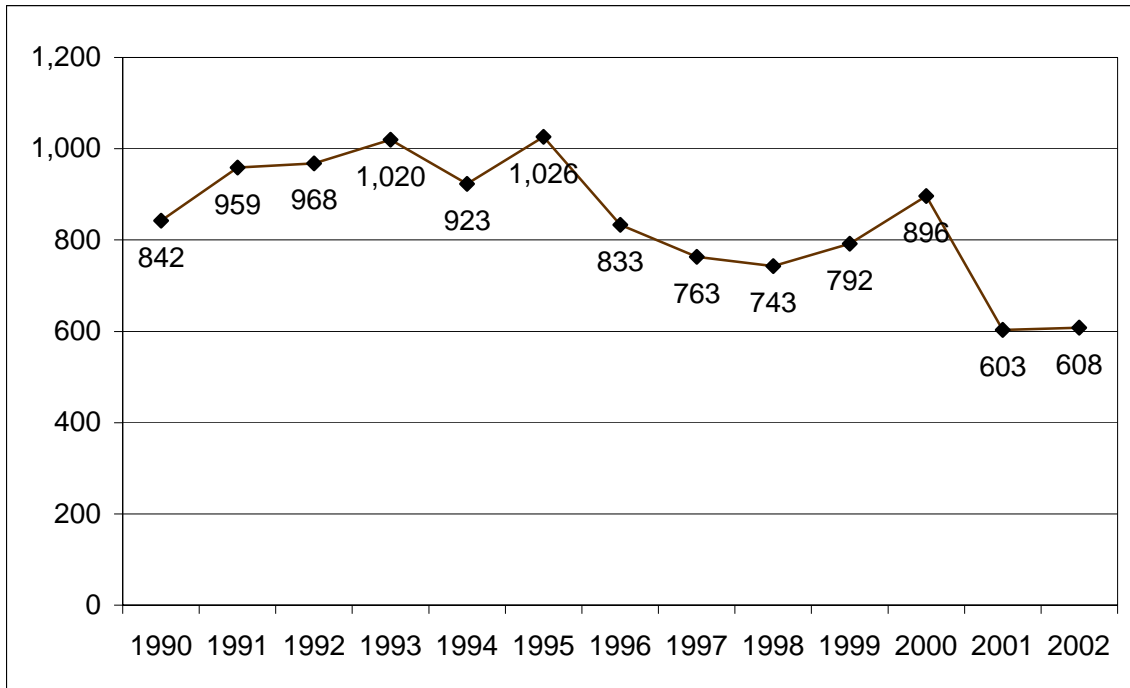
	Year	Premium Earned	Incurred Losses
<b>National Totals</b>			
Total Market	2001	\$7,062,512,356	100.4%
Total Market	2002	\$8,689,920,338	92.4%
<b>Missouri</b>			
Licensed P&C	2001	\$98,053,386	79.3%
Surplus Lines / RRG	2001	\$19,346,025	118.0%
Total Market	2001	\$117,399,411	85.7%
Licensed P&C	2002	\$156,106,363	108.0%
Surplus Lines / RRG	2002	\$19,267,764	136.7%
Total Market	2002	\$175,374,127	111.2%

**All Medical Malpractice Insurers**  
**Claims Reported, 1990-2002**

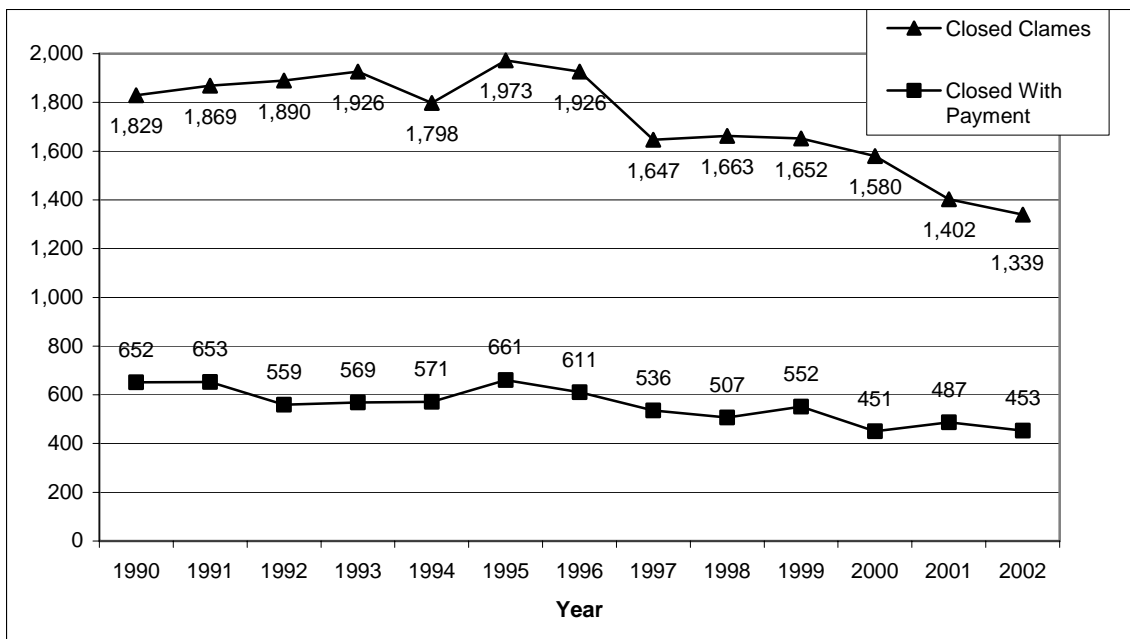


Missouri law required both insurers and self-insured entities to report the claims filed against them during the year. Claims against insolvent insurers are not yet included in this database. Data in 2001 would have been affected by the PHICO insolvency, which along with the much smaller Legion operation is not included in 2002 data.

### Physicians and Surgeons Claims Reported, 1990-2002

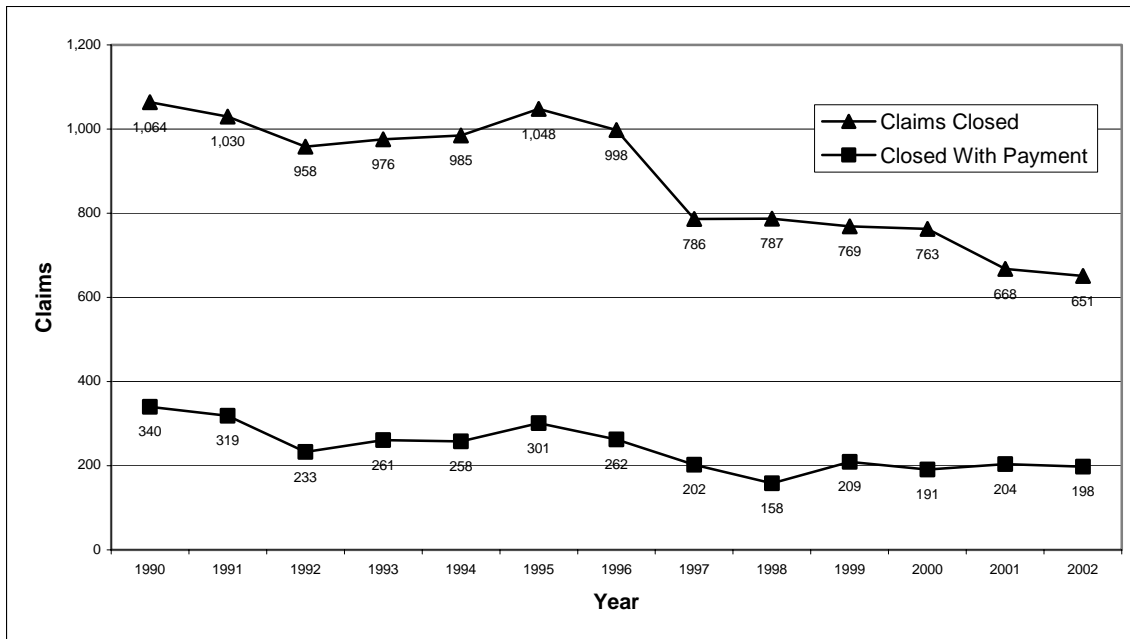


### All Medical Malpractice Insurers, Closed Claims, 1990-2002

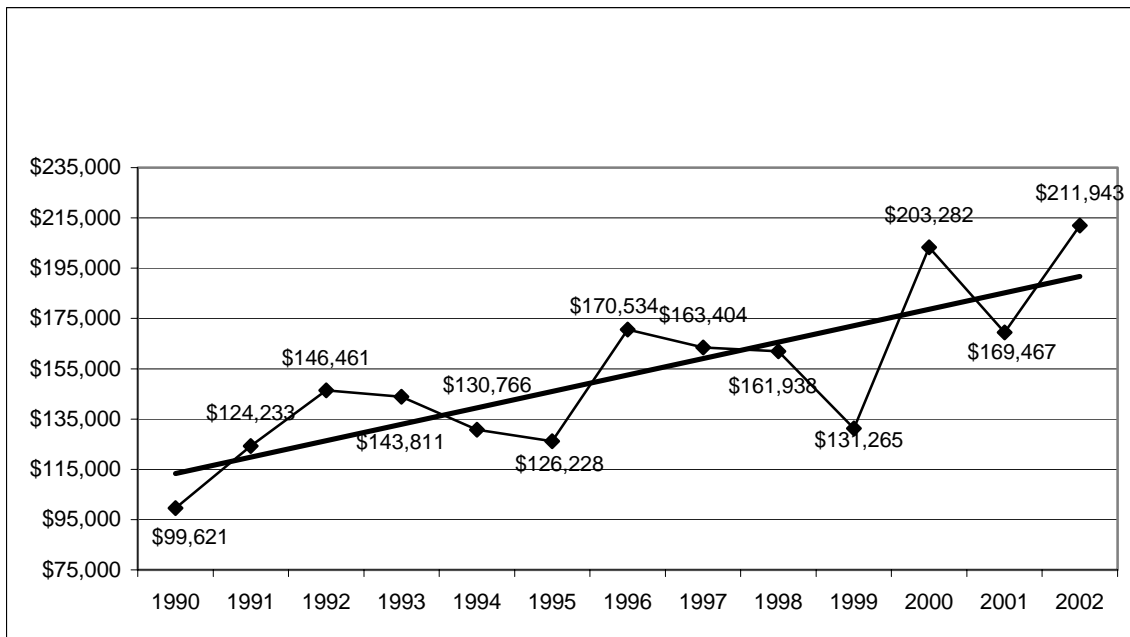


Insolvent insurers do not file reports on claims closed.

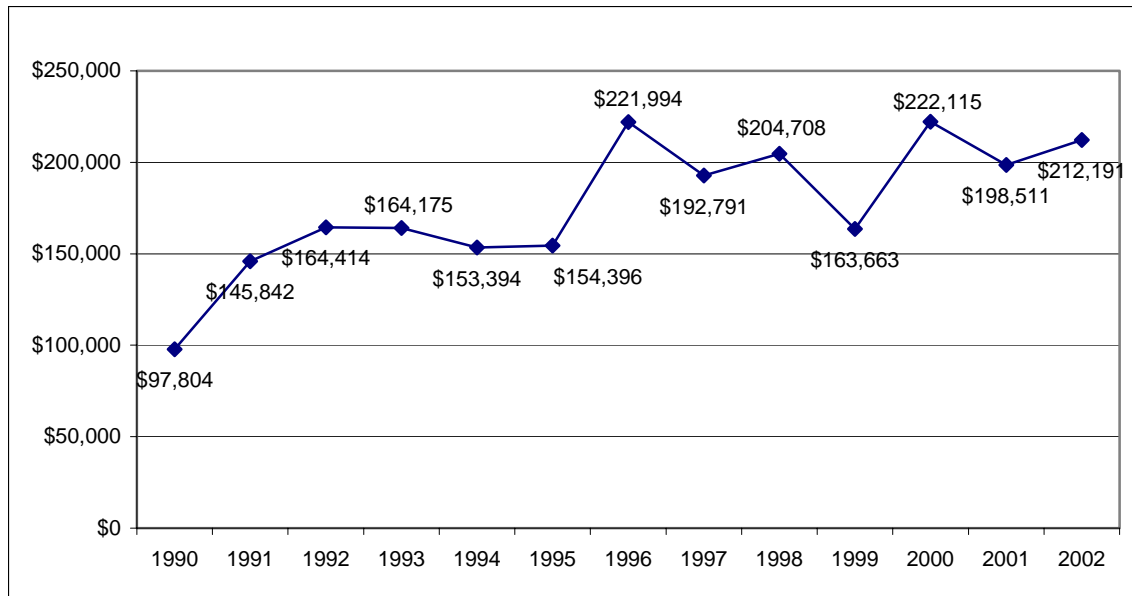
### Physicians and Surgeons, Closed Claims, 1999-2002



### All Medical Malpractice Insurers, Average Award per Closed Claim, 1990-2002



### Physicians and Surgeons, Average Payment per Closed Claim, 1990-2002



### Average and Median Payment Per Claim All Medical Malpractice, 1990-2002

Close Year	Median	Mean	Cap For Year
1990	\$22,760	\$99,621	\$401,000
1991	\$37,500	\$124,233	\$430,000
1992	\$35,000	\$146,470	\$446,000
1993	\$40,000	\$143,811	\$462,000
1994	\$50,000	\$130,766	\$474,000
1995	\$50,000	\$126,228	\$482,000
1996	\$50,000	\$170,534	\$492,000
1997	\$40,000	\$163,404	\$513,000
1998	\$45,000	\$161,938	\$513,000
1999	\$50,000	\$131,265	\$517,000
2000	\$100,000	\$203,282	\$528,000
2001	\$78,000	\$169,467	\$540,000
2002	\$100,000	\$211,943	\$547,000

A mean is the arithmetic average of claims, which is skewed by the larger payouts. If all claims were ranked by size, the median would lie in the middle; it is more typical of the usual Missouri award.

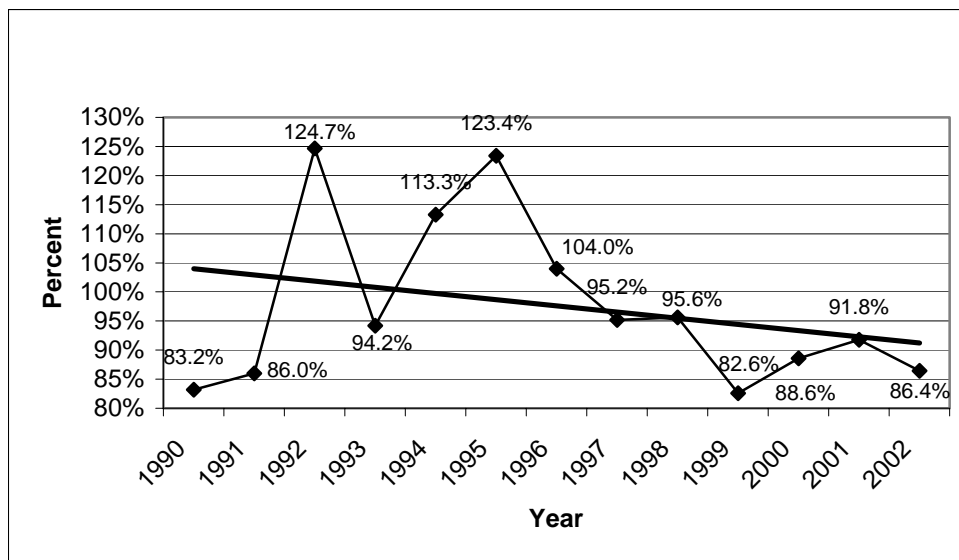
**Average and Median Payment per Claim  
For Economic Damages, 1990-2002**

<b>Close Year</b>	<b>Median</b>	<b>Mean</b>
1990	\$8,000	\$84,386
1991	\$12,500	\$66,803
1992	\$10,000	\$65,185
1993	\$14,000	\$74,056
1994	\$12,500	\$61,317
1995	\$12,500	\$56,505
1996	\$1,500	\$83,606
1997	\$15,000	\$83,725
1998	\$12,000	\$82,772
1999	\$19,950	\$71,885
2000	\$25,000	\$107,808
2001	\$20,000	\$88,375
2002	\$25,326	\$113,684

**Average and Median Payments  
For Non-Economic Damages, 1990-2002**

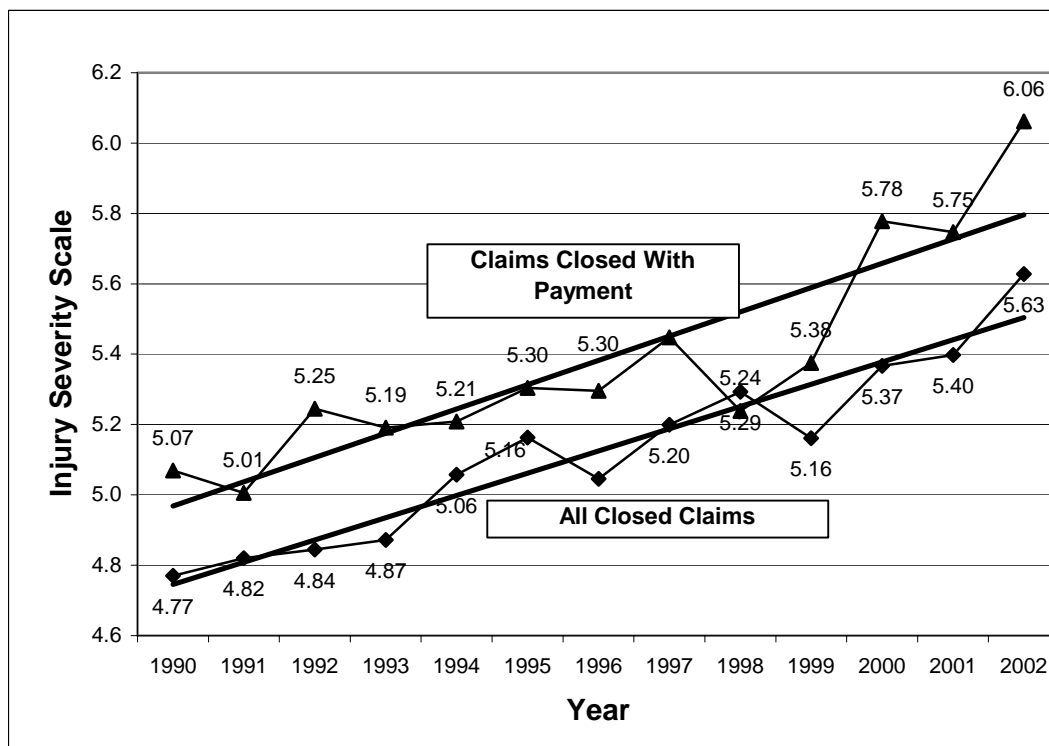
<b>Close Year</b>	<b>Median</b>	<b>Mean</b>	<b>Cap For Year</b>
1990	\$5,000	\$45,235	\$401,000
1991	\$8,333	\$57,430	\$430,000
1992	\$12,500	\$81,276	\$446,000
1993	\$15,000	\$69,754	\$462,000
1994	\$18,300	\$69,450	\$474,000
1995	\$20,000	\$69,724	\$482,000
1996	\$20,000	\$86,928	\$492,000
1997	\$15,000	\$79,679	\$513,000
1998	\$12,500	\$79,166	\$513,000
1999	\$9,250	\$59,380	\$517,000
2000	\$27,759	\$95,475	\$528,000
2001	\$21,250	\$81,093	\$540,000
2002	\$29,000	\$98,259	\$547,000

**Ratio of Noneconomic to Economic Awards, 1990-2002**



The ratio equals the non-economic award divided by the economic award (largely medical and lost-wage costs). In the early 1990s, non-economic damages were typically larger than the medical and lost income awards. That has not been the case since 1996.

## Medical Malpractice Injury Severity

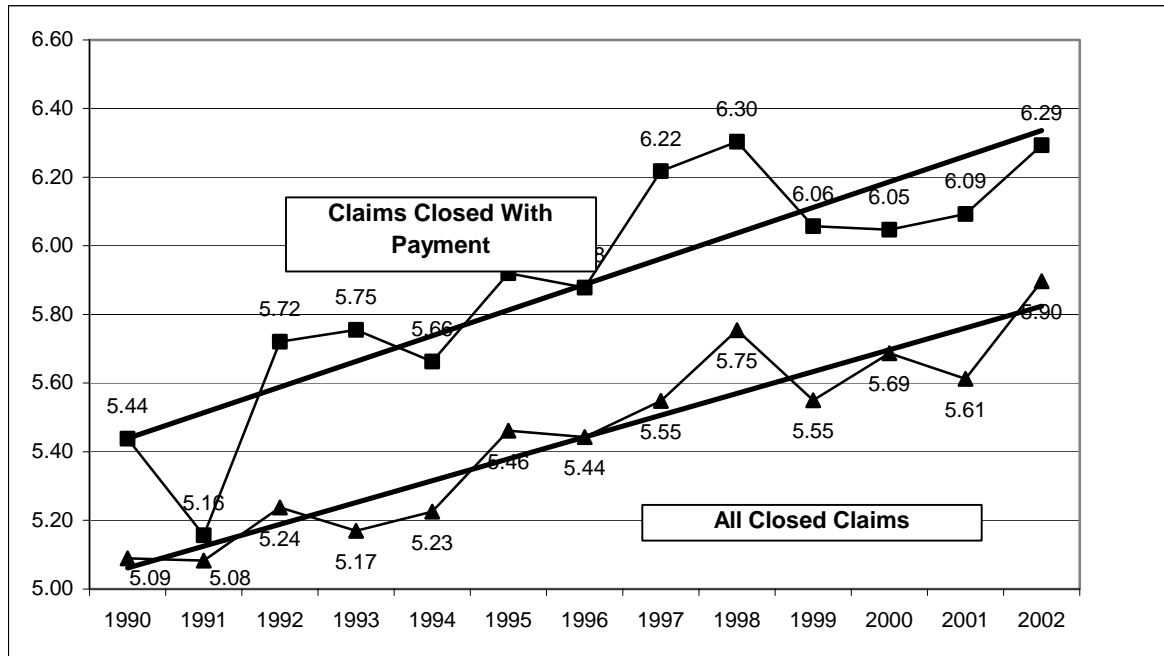




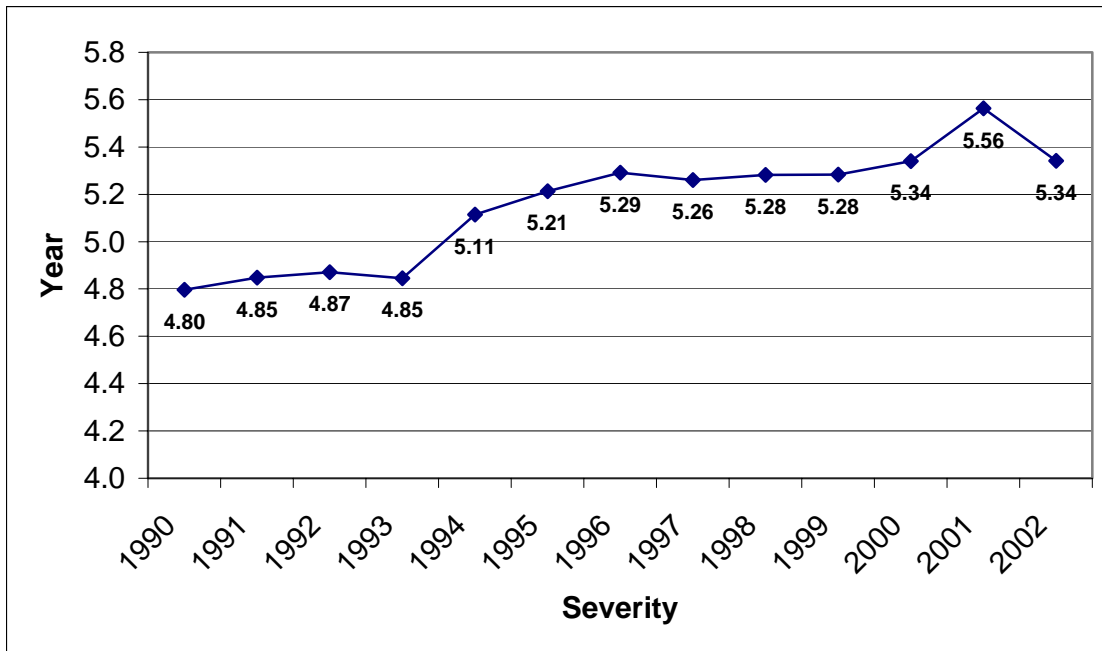
When claims are filed, insurers assign a rating to describe the severity of the injury. According to the standard table used by insurers in their MDI reports:

- 1 = Temporary, Emotional
- 2 = Temporary, Insignificant: Lacerations, contusions, minor scars, rash.
- 3 = Temporary, Minor: Infections, mis-set fracture, fall in hospital.
- 4 = Temporary, Major: Burns, surgical material left, drug side-effect, brain damage.
- 5 = Permanent, Minor: Loss of fingers, loss or damage to organs, other non-disabling injuries
- 6 = Permanent, Significant: Deafness, loss of limb, loss of eye, loss of one kidney or lung
- 7 = Permanent, Major: Paraplegia, blindness, loss of two limbs, brain damage
- 8 = Permanent, Grave: Quadriplegia, severe brain damage, lifelong care or fatal diagnosis
- 9 = Death

### Physicians and Surgeons Injury Severity



### Injury Severity Reported Claims



These severity rating concern claims filed rather than claims closed.

### Physicians and Surgeons Average Indemnity and Average Actual Patient Costs

Year Claim Closed	Average Economic Indemnity	Average Medical Costs	Average Wage Loss	Total Economic Losses	Economic Awards as Percent of Economic Losses
1990	\$56,807	\$18,580	\$11,605	\$30,185	188.2%
1991	\$74,134	\$20,079	\$11,626	\$31,704	233.8%
1992	\$77,742	\$15,409	\$14,463	\$29,872	260.3%
1993	\$86,594	\$31,035	\$33,923	\$64,957	133.3%
1994	\$79,288	\$30,424	\$21,093	\$51,516	153.9%
1995	\$69,698	\$25,897	\$16,703	\$42,600	163.6%
1996	\$111,288	\$103,936	\$28,317	\$132,253	84.1%
1997	\$93,232	\$96,406	\$10,690	\$107,096	87.1%
1998	\$121,642	\$117,162	\$10,899	\$128,061	95.0%
1999	\$108,984	\$22,866	\$13,270	\$36,136	301.6%
2000	\$128,544	\$80,077	\$29,571	\$109,648	117.2%
2001	\$116,060	\$55,039	\$49,683	\$104,721	110.8%
2002	\$120,568	\$127,985	\$30,426	\$158,412	76.1%

### Number of Claims Exceeding Specified Threshold

Year Claim Closed	Noneconomic Damages Equal to Cap on Noneconomic Damages	Total Indemnity Greater than 1 Million	Total Indemnity Greater than 2 Million	Total Indemnity Greater than 3 Million
1990	12	8	1	
1991	16	12	1	
1992	23	15	3	2
1993	16	11	2	1
1994	9	10	2	
1995	13	5		
1996	18	21	7	2
1997	10	15	4	1
1998	12	12	7	1
1999	6	11	1	
2000	9	15	1	
2001	6	14	2	1
2002	13	13	2	1

### Impact of Legislative Proposals On Medical Malpractice Claims Payments in Missouri

					Estimated "Savings" of \$350,000 Cap on Noneconomic Damages	
Year Claim Closed	Claims W/ Noneconomic Awards in Excess of \$350,000	Total Paid in Excess of \$350,000	Total Noneconomic Damages Paid	Total Indemnity Paid	As a Percent of Noneconomic Awards	As a Percent of Total Awards
1990	15	\$3,656,187	\$29,493,389	\$64,952,967	12.4%	5.6%
1991	25	\$4,960,700	\$37,501,966	\$81,124,089	13.2%	6.1%
1992	31	\$12,418,914	\$45,433,157	\$81,871,513	27.3%	15.2%
1993	23	\$7,395,845	\$39,690,281	\$81,828,491	18.6%	9.0%
1994	20	\$6,424,472	\$39,655,696	\$74,667,646	16.2%	8.6%
1995	24	\$4,848,629	\$46,087,299	\$83,436,964	10.5%	5.8%
1996	35	\$12,778,447	\$53,113,126	\$104,196,324	24.1%	12.3%
1997	38	\$5,787,753	\$42,708,037	\$87,584,688	13.6%	6.6%
1998	27	\$9,216,766	\$40,136,993	\$82,102,382	23.0%	11.2%
1999	19	\$2,754,432	\$32,777,903	\$72,458,291	8.4%	3.8%
2000	32	\$6,035,339	\$43,058,730	\$91,680,075	14.0%	6.6%
2001	22	\$5,169,502	\$39,492,054	\$82,530,539	13.1%	6.3%
2002	34	\$7,629,806	\$44,511,437	\$96,010,069	17.1%	7.9%

### Average Reporting and Closing Time in Months

Year Claim Was Closed	Months from Injury to Report		Months from Reporting to Close		Months from Injury to Close	
	All Claims	Claims Closed With Payment	All Claims	Claims Closed With Payment	All Claims	Claims Closed With Payment
1990	22	24	27	30	49	54
1991	23	23	27	31	49	53
1992	20	20	25	29	45	49
1993	21	25	26	30	47	55
1994	24	23	25	27	49	51
1995	23	22	25	27	48	49
1996	22	21	24	26	46	48
1997	21	18	25	28	46	45
1998	21	17	23	24	45	41
1999	20	18	23	27	43	46
2000	20	18	25	29	45	47
2001	20	17	24	27	45	43
2002	20	17	26	29	45	46
2003	18	16	27	30	45	46